

Message Text

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ACTION DLOS-09

INFO OCT-01 IO-13 ISO-00 FEA-01 ACDA-07 AGRE-00 AID-05

CEA-01 CEQ-01 CG-00 CIAE-00 EPG-02 COME-00

DODE-00 DOTE-00 EB-07 EPA-01 ERDA-05 FMC-01

TRSE-00 H-01 INR-07 INT-05 JUSE-00 L-03 NSAE-00

NSC-05 NSF-01 OES-07 OMB-01 PA-01 PM-04 PRS-01

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FROM LOSDEL

E.O. 11652: N/A

TAGS: PLOS

SUBJ: LOS SITREP - MAY 26, 1977

1. COMMITTEE I - SUBSTANTIVE DISCUSSION IN THE COMMITTEE I INFORMAL WORKING GROUP OPENED ON A PREDICTABLY OMINOUS NOTE AS THE G-77, SUPPORTED BY THE SOVIET UNION AND CANADA, CLASHED WITH THE US, UK, FRANCE AND JAPAN OVER ARTICLE 9 (RESOURCE POLICY). ALTHOUGH NONE OF THE WIDE SUBSTANTIVE GAPS CLOSED, BOTH SIDES AGREED TO EXCHANGE DATA ON WHICH THEY BASED PRODUCTION LIMITATION FORMULAE.

2. SPEAKING FOR THE G-77, DE SOTO (PERU) DISCUSSED THEIR PROPOSED ARTICLE 9. THE G-77 TEXT GOES WELL BEYOND THE RSNT IN REQUIRING THE AUTHORITY TO "ENSURE" TECHNOLOGY TRANSFER, REMUNERATIVE MINERAL PRICES TO PRODUCERS, RATIONAL MANAGEMENT OF THE SEABED AND PROTECTION OF DEVELOPING COUNTRIES FROM "ANY" ADVERSE ECONOMIC EFFECTS OF SEABED MINING.

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IN ADDITION, IT IMPOSES MORE RESTRICTIVE PRODUCTION LIMITATIONS WHICH WOULD APPLY NOT ONLY TO MANAGENSE NODULES BUT ALSO TO ALL OTHER MINERALS THAT MIGHT BE EXPLOITED.

3. DE SOTO INDICATED THAT THE G-77 IS PLANNING TO INTRODUCE A REVISION TO THE TECHNOLOGY TRANSFER PROVISIONS IN THE RSNT (ARTICLE 11). CHILE FOLLOWED WITH A PROPOSAL

TO ADD TO THE G-77 TEXT A PROVISION THAT WOULD ENSURE BALANCED INVESTMENT AS BETWEEN SEABED AND LAND MINING. THE SOVIET UNION REFERRED TO THE G-77, AS WELL AS EVENSEN, TEXTS OF ARTICLE 9 A "VERY REASONABLE" PROPOSALS WHICH CAN FORM THE BASIS FOR DISCUSSION. THE SOVIETS SUGGESTED SEVERAL ADDITIONS, NOTABLY AN ANTI-MONOPOLY CALUSE, STATE QUOTAS, AND PROHIBITION ON EXPORT OF SEABED MINERALS.

4. THE US (RICHARDSON), REGRETTING THE "NEED TO SOUND A DISCORDANT NOTE," SAID: (A) THE LOS CONFERENCE IS NOT A FORUM FOR NEGOTIATING COMMODITY AGREEMENTS, CONTRARY TO THE INTENT OF THE G-77 PROPOSAL ON ARTICLE 9; (B) THE RSNT TEXT OF ARTICLE 9 ALREADY REFLECTS A MAJOR SET OF COM-PROMISES FOR THE US; (C) THE EVENSEN AND G-77 TEXTS WOULD GIVE THE AUTHORITY NEW DISCRETIONARY POWER WHICH WOULD UNDERMINE THE SYSTEM OF EXPLOITATION. RICHARDSON ALSO CITED CALCULATIONS WHICH DEMONSTRATED THAT THE PRODUCTION LIMITS IN BOTH TEXTS WOULD SEVERELY CONSTRAIN SEABED MINING. FOR EXAMPLE, THE G-77 PRODUCTION LIMIT WOULD ALLOW AT MOST TWO MINE SITES BY THE YEAR 2000; (D) IT WOULD BE REGRETTABLE IF THE NARROW INTERESTS OF SOME PREVENTED THE CONFERENCE FROM ACHIEVING ITS BROADER OBJECTIVE OF A DEEP-SEABED REGIME.

5. THE UK (LOGAN) AND FRANCE (LA CHARRIERE) ALSO DELIVERED STRONG INTERVENTIONS REJECTING BOTH THE EVENSEN AND G-77 TEXTS. A HELPFUL SWEDISH INTERVENTION ALSO WARNED THAT THE G-77 PRODUCTION FORMULA WAS OVERLY RESTRICTIVE.
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6. CANADA (BEESLEY) BLUNTED TECHNICAL CRITICISMS BY CITING ITS CALCULATIONS CLAIMING THAT THE G-77 FORMULA WOULD PERMIT 15 TO 25 SITES BY THE YEAR 2000. IN CONTRAST, HE OBSERVED, THE RSNT PROVIDED THAT UP TO 75 SITES WOULD BE IN OPERATION IN 2000, ALLOWING "LITTLE OR NO ROOM" FOR LAND-BASED NICKEL PRODUCTION. BEESLEY'S PRESENTATION, IGNORING HIS OWN GOVERNMENT'S ESTIMATES OF THE LIKELY IMPACT OF SEABED MINING, WAS WELCOMED BY G-77 DELEGATES.

7. THE CONTROVERSY IS CIMPLICATED BY THE LANGUAGE OF THE G-77 TEXT, WHICH HAS BEEN THE SUBJECT OF VARYING INTERPRETATIONS. UNLIKE THE RSNT, THE G-77 PRODUCTION LIMIT, READ LITERALLY, IS NOT BASED ON A CUMULATIVE GROWTH SEGMENT OR EVEN A GROWTH RATE. RATHER, IT PROVIDES THAT "ANNUAL PRODUCTION OF NICKEL...SHALL NOT EXCEED ONE HALF OF THE AVERAGE ANNUAL INCREASE IN CONSUMPTION OF NICKEL DURING THE PRECEDING 10 YEARS."

8. THE CONFUSION COULD ABATE WHEN THE US, CANADA,
AND OTHERS EXCHANGE DATA IN THE NEXT FEW DAYS. HOWEVER,
WHILE SOME G-77 DELEGATES MAY BE GENUINELY CONFUSED, IT IS
LIKELY THAT OTHERS INTENDED THE PRODUCTION LIMIT TO
BE AS RESTRICTIVE AS THE DRAFT LANGUAGE SUGGESTS.
LEONARD

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